

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
MARCH 29, 2012 COURTHOUSE

MINUTES

MEMBERS PRESENT:

MAYOR BURGESS
JOE RUSSELL
MERRY HICKERSON
BILL SELLERS
JOYCE EALY
WILL JORDAN
SUSAN BONEY
GREG HALL
REGINA HARVEY
VIRGIL GAMMON
ALLEN MCADOO
JEFF SANDVIG
PAULA BARNES

OTHERS PRESENT:

MELISSA STINSON
EVELYN ANDERSON
DAN GOODE
KELLI PERRIEN
PAUL HUFFMAN
SONYA STEPHENSON
LISA NOLEN
JANET USERY

APPROVE MINUTES:

A motion was made by Paula Barnes to approve the minutes from the last Benefits & Insurance Committee meeting on January 26, 2012. The motion was seconded by Merry Hickerson and passed unanimously.

Mayor Burgess rearranged the agenda; new plan options were moved to the first item.

NEW PLAN OPTIONS:

Mrs. Stinson, Risk Management Director, reviewed the new dental option proposal. The proposed dental plan mirrors current dental option 1 but, has an orthodontia benefit increase, or buy up option. The orthodontic benefit increases to \$2,500 lifetime maximum (option 1 is \$1,000). In the event the current orthodontia benefit has been utilized, the available benefit would be \$1,500. The rate structure for the new option (dental option 3) will be 10% above the current dental option 1 rate.

Mrs. Hickerson verified that the employee carried the premium; county funding did not increase for the new option. She then made a motion to approve the new dental plan known as option 3 effective January 1, 2013. The motion was seconded by Jeff Sandvig and passed unanimously.

The current medical option known as Option 1 will not be offered in 2013. Mrs. Stinson has been researching what other groups offer in an effort to replace this option, a Co-Pay option is offered by the State.

Mrs. Stinson reviewed the attached hand out Co-Pay Option and explained it is designed for the member to pay a \$30 co-pay for an office visit or \$50 if seeing a specialist. The plan pays 100% after the co-pay. The co-pay does not apply to annual deductible. If they were hospitalized, then the annual deductible would apply. (\$750 person /\$1,500 family, in-network). This option makes health care more accessible to the employees as they know their liability for that visit. It works differently from Option 2, in that for a sick visit, a deductible has to be met before any benefit is paid to the provider. The employee does not know what his 20% is at the time of the visit. Some employees may put off health care for that reason.

The new Co-pay plan has an annual out-of-pocket maximum of \$3,750/person and \$7,500/family in-network; \$7,500/person and \$15,000/family out-of-network. Urgent Care has a \$30 co-pay; 100% after co-pay and out-of-network is paid at 60%. Preventive Care has \$0 co-pay, no deductible or annual maximum in network and 60% after deductible out-of-network. The on-site medical clinics remain at \$0 for services, supplies and generic drugs. Hospital care is paid at 80% after deductible in-network, and 60% after deductible out-of-network. Chiropractic care (26 visits a year) is paid at 80% after deductible; \$150 separate deductible applies. For prescription drugs, generics (retail, 30-day) \$5 co-pay; generics (mail order, 90-day) \$15 co-pay (generic preventatives, as defined \$0 co-pay).

The co-pay plan would be available to retirees under the age of 65 if approved.

After discussion, a motion was made by Merry Hickerson to add the co-pay plan to the other medical options available effective January 1, 2013 with rates 5% above the current option 2 rates. The motion was seconded by both Susan Boney and Paula Barnes and passed unanimously.

By adding the Co-pay plan, the County will have 3 distinct options: the new Co-pay plan, a deductible plan (formerly known as option 2), and the HRA plan (formerly known as option 3).

PREMIUM RATES:

Mrs. Stinson reviewed the premium rates handout presented. For the last several years, the rates have been held flat with the exception of Option 1. For the calendar year 2011, total revenues totaled \$48,291,015.77 while total expenditures totaled \$47,991,615.08 for a difference of \$299,400.69. Several years ago, the

County modified GASB benefits to offset the ARC (annual required contribution) for our OPEB obligation (future funding of our retirees). Currently, in order to sustain the effort that was put forth in GASB 45 modification, we need to be funding one million dollars per month based on current population. Last year, the County contributed \$300,000.

In reviewing the next fiscal year, Mrs. Stinson reviewed the premium needs for all active employees and retirees. For active employees, if medical option 1 had remained in 2013, it required a 94.5% increase in premium. Medical option 2 needs a 28% increase, but 20% is recommended, while medical option 3 has a decrease -24.0% and a recommended rate action of -15.0% (this option has been over funded). The retirees enrolled in option 1 needed a 43.0% increase if the plan had remained as an option. The U65 option 2 necessary increase is 122.0%, however, 20.0% is recommended, and the OAP65 (over 65) needs 11.1% increase, 10.0% is recommended. She met with both finance directors to determine the best approach in determining 2013 rate actions.

In addition to rate actions, Mrs. Stinson reviewed employee contribution adjustments. She contacted 10 other counties to see what rate contribution they made for employees. A variety of funding levels was found, 70/30, 80/20, and some paid 100% of employee cost, and 50% of dependents. The state plan pays 80/20. In order for Rutherford County to sustain the needs and control the rate contribution, we need to look at different matching levels.

The recommendation was to adjust the employee contribution to 90% (89.7% rounded up) and dependents to 88% in the co-pay and deductible plan for 2013. Currently, the employee is 90%, no change for individual coverage. Mrs. Stinson reviewed the rates at the 90/88 funding level with the recommended increases for the co-pay and deductible plan. The retiree premiums had reached their last year of adjustments to reach the correct funding level. A 20% increase is recommended for the under 65 retirees, and 10% for the over 65 retirees. In addition, for the dental plan a 2% increase was recommended for the current plan, and the new plan would be 10% above current plan rate.

With just the 20% increase in premiums the dollars generated for GASB is minimal to none. We have offset payroll for benefits for so many years, it will take several years to see funding levels increase for ARC. Assuming that all employees enrolled in option 1 moved to the deductible plan and 20% of those enrolled in the deductible plan changed to the new co-pay plan, Mrs. Nolen, Finance Director, assumed that about \$600,000 would be incurred by the County for contributions next year, split between County General, Ambulance Service, and Solid Waste department. Mr. Sandvig, Asst. Superintendent Budget/Finance used a more conservative approach for the Board of Education, he estimated 3.5 million by utilizing the current contribution level at 90/89.7%.

Mayor Burgess noted that we had both a low and high side in estimates. The County has postponed the necessity for making changes for several years; we need to decide what actions to take for a more balanced approach.

Mrs. Stinson stressed that the plans have been designed to benefit the employees to meet their lifestyles and needs. It was important to look at the plans long term to keep them fiscally responsible and healthy. At the point where we are not able to fund these benefits, the next step would be to carve out benefits or reduce benefits to offset the premium increase. The co-plan design allows more flexibility by increasing the co-pay to offset premium increases; whereas, the deductible plan limits you in what you can change in the plan design (deductibles). The State has already taken an adjustment in their co-pay plan by moving the co-pay to a higher level.

Mrs. Stephenson emphasized that we should be funding one million per month, or 12 million per year, when last year we only funded \$300,000. Mrs. Nolen added that any amount we don't fund is carried over with interest. It just continues to grow.

Discussion regarding rate increases to employees was held. Mrs. Stinson stated that she had worked with Mrs. Stephenson and it was determined that if an employee's salary is \$40,000 per year and is enrolled in the deductible plan, with the 20% increase in premium and the funding level at 88%, the employee would see the following impact in take home pay. Employee only: 1.5%, employee + spouse, 3.5%, employee + family, 4.9%, and employee + child 3.1%.

Mayor Burgess commented that the funding level at 90/10% appears to be very generous when compared to other cities and counties around us. Mr. Hall wondered if the employee realizes how much the County pays toward a family medical premium each year, \$12,000 to 14,000. In the private sector, he stated he pays that out of pocket for medical care. It is important to explain this to employees and they understand we have a good plan.

Virgil Gammon agreed we have a good plan and employees are appreciative; however, the County Commission should stick with the pay plan that was put into place in 1995. It has been changed several times over the years, and employees cannot count on receiving pay increases when they are supposed to. Rate increases will sharply affect some employees; he asked if we could break deductions down and deduct premiums twice a month, rather than the whole amount in one lump sum. Mrs. Harvey agreed with Mr. Gammon.

Mrs. Hickerson spoke up and stated she had been on this Committee for 17 years, premium increases are necessary to keep the plan healthy and not lose benefits. Rates should increase yearly.

Mrs. Hickerson made a motion to recommend the County adopt the decrease in funding level to 88% for dependents (employee portion remains at 90%), increase premiums levels for active employees, the co-pay plan at 5% above current option 2 rates, Option 2 (deductible plan) at 20%, Option 3 (HRA) -15.0%, retirees U65 Option 1 and Option 2 20%, and retirees 065 10%. The dental premium will increase 2% with the new dental buy up plan 10% above current Option 1 dental plan. The motion was seconded by Commissioner Jordan. The motion was amended to include that all departments and agencies implement the bi-weekly payroll deductions where possible.

Mrs. Boney asked how retirees would know about the new plan available and premium increases. A letter is mailed each time premiums change. Retirees will have a contact to call in the Risk Management Dept.

Commissioner Jordan agreed that small increases are necessary to keep the plan sustainable and healthy.

The motion passed with one no vote by Regina Harvey.

Mayor Burgess recognized Mrs. Stinson for presenting this information in a clear way that was easy to understand and follow.

Mrs. Hickerson made a motion to put into place an annual rate increase, (maybe 1%), until the funding level reaches 80/20% (employee to remain at 90%). She clarified by adding that the County reduce their funding level each year. The motion was seconded by Bill Sellers.

Several discussions took place regarding the validity of creating a motion that would encumber future committees. Some members agreed with the concept or philosophy of moving the funding level each year toward the 80/20%. Mrs. Stinson calculated that 1% would equal about \$12.00 to an employee enrolled in family option 2 (deductible plan). Rate increases have been needed every year, the County has not elected to raise rates in an effort to offset payroll. Mayor Burgess asked the Committee to vote if they wish to adopt as a matter of practice (at renewal time of the annual rate structure), to include the reduction of the County portion by 1%. The motion passed with 8 "yes" votes and 4 "no" votes.

The Mayor reminded the Committee that this motion will have to be reviewed each year and forwarded to the Budget Committee.

Mrs. Stephenson thanked Mrs. Hickerson for making the motion, and to Mrs. Stinson and her staff in working so hard to maintain the benefits.

FINANCIALS:

Mrs. Stinson reviewed the Insurance fund performance (264) for the month of February. The PEPM was \$684.54 compared to \$529.28 prior year. When adding clinic experience, it is \$714.23 compared to same time prior year of \$561.87 making an increase of 14.4% over prior year.

Fund 266, work injury fund, year to date balance is \$785,204.87. February payout was \$325,412.40, higher than normal due to a payout for an old worker's comp claim, only 10.3% was related to OJI payments. Year to date expenditures was \$604,778.02; we currently have 19 workers' comp claims open.

WC/OJI STATS:

Dan Goode, Safety Coordinator, reviewed the OSHA report for February. There were 18 accidents making the year to date 26. OSHA log has 23 recordable for the year. The Board of Education had 12 claims totaling \$19,180.37 and County General had 6 claims totaling \$10,570.00.

WELLNESS UPDATE:

Congratulations went to Mrs. Perrien, Wellness Coordinator, for passing her Certified Nutrition & Wellness Consultant exam. Mrs. Perrien reviewed the Smart Steps Wellness Program for February. Congratulations to Mary Guimbellot, Wayne Sharpe, Jo Longstreth, Margo Zago, Emmett Smythia, Judy Miller, Karen Seiler, and Dale Lature for winning free memberships to MTMC Wellness. The current wellness discount is 15% off purchase at Pa Bunk's Organics located on the square. Upcoming events include a stress management seminar at Stonecrest April 10th, Earth Day celebration April 21st, health cooking class on April 24th and mobile unit mammography and angioscreening in May. The first 50 employees to make their appointments receive free angioscreens.

CLINIC REVIEW:

Take Care Health provided their first quarterly report to Mrs. Stinson. It provides great detailed information regarding accomplishments, utilization, patient demographics, treatments, appropriate treatments, etc. This is the first time we have been able to receive such detailed information regarding our clinics. Prior feedback from employee surveys helped Med Point recognize what changes were needed to better serve our employees.

MedPoint Clinics opened September 1, 2011. Some of their accomplishments include flu vaccines at the Employee Appreciation Day and clinics, provided HRA on patient portal and paper, walk-in appointments with designated specific hours at Stewarts Creek, designated waiting area and prescription medicine at the health dept., and addition of direct call-in numbers. 1,965 unique patients have visited the clinics achieving 16.7% penetration rate of eligible population. Both provider and ancillary (lab) visits continue to increase. The top diagnosis is acute respiratory infections, hypertensive diseases and preventive services.

The direct cost avoidance net savings YTD is \$708,788. Additional direct savings include referrals to specialists costs avoided, ER care costs avoided, and inpatient care costs avoided total \$68,007. Indirect cost avoidance is from health center visits, avoided visits, and health improvement savings for a savings of \$149,565. Total expenses subtracted from total cost avoidance show a net savings of \$149,535. Overall YTD direct cost avoidance exceeded projections in feasibility models. Blackman and Stewarts Creek were largest contributors to this savings.

Utilization continues to increase, along with specialty referrals and lab procedures. Females represent 61% of unique patient visits. Patient demographics show that majority of patients are 40-59, and has been the main contributor to center utilization since opening in September.

The detailed reporting now available allow us to identify what are the real needs of our employees, and are we meeting those needs. As part of the RFP process, a full time wellness person will start in April and partner with Mrs. Perrien. This will allow them to ramp up education and offer unique programs to employees.

ADJOURNMENT:

The meeting was adjourned at 2:33 p.m.

Mayor Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee